Special Market Update:
PJM Base Residual Auction Results for '26/'27 DY

Compiled: July 23, 2025

PJM conducted its Base Residual Auction (BRA) on July 9, 2025, which procured capacity resources for the June 1, 2026-May 31, 2027 delivery year. The results have now been published and we'd like to break down what all of this means for your business.

About the BRA: The BRA is conducted to procure resource commitments that satisfy the PJM region's unforced capacity obligation for a capacity delivery year (June 1- May 31). PJM allocates the cost of those commitments to load serving entities (LSEs) like NRG through a Locational Reliability Charge, which is then paid to power supply resources for performance. Incremental Auctions (IAs) are conducted to allow for replacement resource procurement and increases (procurement) and decreases (selling excess) in resource commitments due to reliability requirement adjustments. These auctions pay a single clearing price based on the offer of the last resource needed to meet requirements.

What's important to know about the BRA

- Final capacity rates for a particular delivery year typically follow the BRA settlement rate (for any particular load zone) closely. This means that the BRA results are most important to gauging rates for a particular delivery year and the IA results have very little impact.
- The settlement rate at the **RTO LDA** is the base rate for calculating the rates across the other LDAs, as well as the individual rates per transmission zone. In this auction, all major LDAs settled at the same price.

What's important to know about the 2026/27 BRA results

Clearing prices settled about 21% higher than the 2025/26 BRA (increase of $59.25/MW-day) across the RTO. Dominion-VA settled about 25% lower (down $115.09/MW-day), and Baltimore Gas & Electric settled about 29% lower (a decrease of $137.18/MW-day). According to PJM, the results indicate:

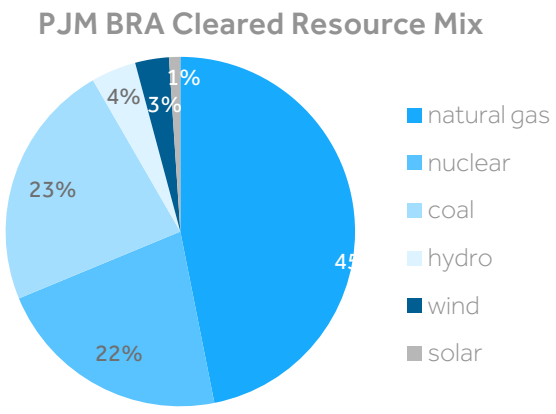
BRA results for Delivery Year 2026/27 vs. 2025/26

Locational Deliverability Area (LDA)	Resource Clearing Price ($/MW-day)*	
	'25/26	'26/27
RTO ATSI (Cleveland Electric Illuminating, Toledo Edison, Ohio Edison, Penn Power), Commonwealth Edison, Dayton Power & Light, American Electric Power, Allegheny Power, Duquesne Light, West Penn Power, Dominion, Eastern Kentucky Power, Ohio Valley Electric Corp.	$269.92	**$329.17**
MAAC Pennsylvania Power & Light, Pennsylvania Electric Co., Metropolitan Edison	$269.92	
EMAAC Public Service Electric & Gas, Rockland Electric Co., Jersey Central Power & Light, PECO Energy Co., Atlantic Electric Co.	$269.92	
SWMAAC Potomac Electric Power Co.	$269.92	
Delmarva Power & Light	$269.92	
Baltimore Gas & Electric	$466.35	
Duke Energy	$269.92	
Dominion	$444.26	

**Includes system marginal price + locational adder.*

Supply is responding to the investment signal from the 2025/2026 capacity auction:

- There was 2,779 MW of new generation or generation uprates in this auction—the first increases seen in the last four auctions.
- There were 17 generation units representing 1,100 MW worth of capacity that have withdrawn retirements since the 2025/26 BRA (July 2024).



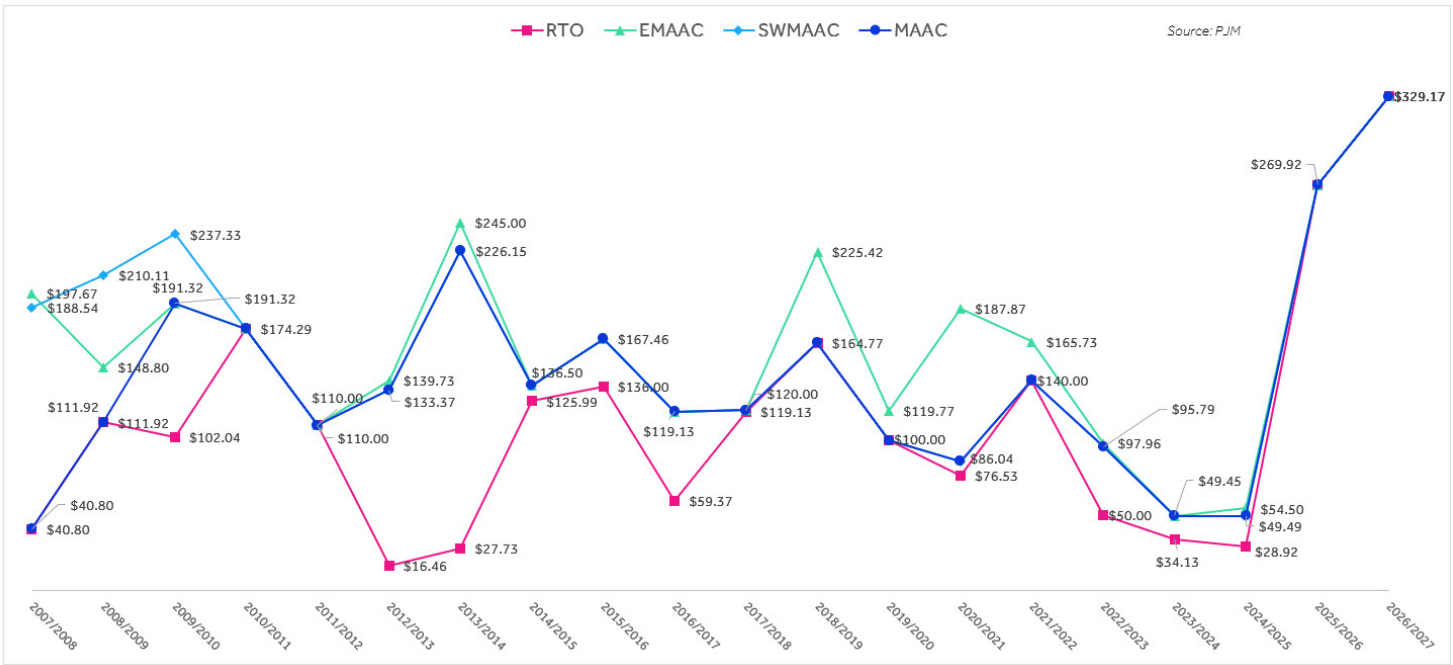
Supply/demand remains tight:

- This auction's total committed capacity was just over (by 139 MW UCAP) the projected reliability requirement, underscoring the region's tightening supply-demand balance.

Market rule changes went into effect for this year's auction that weren't in place for the 2025/26 BRA, including:

- Expanded capacity must-offer requirements for all resource types (including solar, wind, batteries, and hybrid resources)
- Implementing a new price cap ($329.17/MW-day) and floor ($177.24/MW-day) approved by FERC*
  It's worth noting that, according to PJM in their BRA results report (page 16), a BRA simulation run without the price cap and floor indicated a resource clearing price of $388.57/MW-day.
- PJM's submission of $0 offers for specific Reliability Must Run units, ensuring reliability while managing costs (revenue to be allocated as a credit to associated load)
- Retirement of the Energy Efficiency product category

Historical BRA clearing prices



What's important to know about the impact of capacity rates

Capacity costs for businesses are calculated by multiplying the **capacity rate by a business' peak load contribution**. Even though there is no way to control what rates may settle at, there can be opportunities to control your peak load contribution through load management, which is a service NRG offers.

Cost example using '26/27 BRA results

Using the 2026/27 settlement rates, a business with a 1 MW capacity tag (capacity obligation) located in one of the utility zones within the RTO LDA would pay approximately:

Monthly
$329.17/MW-day x 1 MW x 31 days in cycle = **$10,204 monthly**
Compared to a monthly rate of $8,368 using the 2025/26 delivery period rate.

Annually
$329.17/MW-day x 1 MW x 365 days = **$120,147 annually**
Compared to an annual rate of $98,521 using the 2025/26 delivery period rate.

About PJM's RPM capacity market: PJM's capacity market, called the Reliability Pricing Model (RPM), ensures long-term grid reliability by securing the appropriate amount of power supply resources needed to meet predicted energy demand in the future. Traditionally PJM would begin capacity auctions three years prior to the delivery year, with the BRA occurring first, followed by a series of IAs. This schedule was devised to permit new entry and reinvestment, allow informed and timely retirement decisions, and better inform PJM's transmission planning process. Due to a variety of different regulatory and litigation matters, the timeline has been much shorter for the last several auctions. As it currently stands, **PJM won't get back to the classic BRA schedule of three years in advance until May 2027**, when they expect to conduct the BRA for the 2030/31 DY. The BRA for the 2027/28 DY is currently scheduled for December 2025.

** The original cap and floor were estimated at $325/$175 per MW-day respectively but were later updated in the 2026/27 Planning Period Parameters to reflect the final effective load carrying capability (ELCC) value for the dual-fuel combustion turbine class.*